

Aronson and Associates LLP

Dependent Exemption - Who Qualifies as a Dependent for Income Tax Purposes?

Child Tax Credit - \$3000 per child over age 6 up to age 17 & \$3600 per child under age 6

2021 - taxpayers could receive half their credit as a prepaid advance in the form of monthly payments from IRS. These payments will be reconciled on the 2021 tax return. All recipients of the advance payment will receive Letter 6419 in January 2022 detailing payments.



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Rules for Claiming a Dependent

1. The taxpayer (or spouse) claiming the exemption cannot be claimed as a dependent by someone else.
2. You cannot claim a married person as a dependent (some exceptions).
3. Dependent must be a US Citizen, resident alien, Resident of Canada or Mexico.
4. Dependent must be a qualifying child or a qualifying relative.

Qualifying Child

- Close relative (child, stepchild, sibling, 1/2 sibling, foster child, step-sibling)
- Under age 19** at the end of the year **OR**
- Under age 24** and a full time student for at least 5 calendar months **OR**
- Any age & permanently disabled.
- Must live with you for more than 1/2 the year (school absence is OK)
- The child cannot provide more than 1/2 of his or her own support.

** The dependent must also be younger than either the taxpayer or the spouse.

For the Child Tax Credit in 2021- the qualifying child must be under 18 at year end.

Qualifying Relative

- Cannot be your qualifying child or a qualifying child of any other taxpayer.
- You must provide more than 1/2 of their total support.
- Their gross income must be less than \$4300 in 2021. (non-taxable income does not count)
- They cannot file their own joint return (some exceptions).
- Must be a relative (child, sibling, parent, aunt, uncle, niece, nephew, in-laws) - does NOT need to live with you.
- If not a relative (see above), the dependent **MUST** live with the taxpayer for the entire year.

A qualifying child age 18 (or 19/23 FT student) & a qualifying relative are eligible for Family Tax Credit of \$500 per person

A Dependent must file if he/she has more than \$1100 in unearned income or more than \$12,550 in earned income. A dependent must file if he/she has more than \$400 in self-employed income.